UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/C.5/46/28
25 October 1991

ORIGINAL: ENGLISH

Forty-sixth session
FIFTH COMMITTEE
Agenda item 116

UNITED NATIONS COMMON SYSTEM

Comments by the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System

Note by the Secretary-General

The Secretary-General transmits herewith for consideration by the Fifth Committee a document submitted by the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) (see annex).

Annex

VIEWS OF THE COORDINATING COMMITTEE FOR INDEPENDENT STAFF UNIONS AND ASSOCIATIONS OF THE UNITED NATIONS SYSTEM

INTRODUCTION

1. Since the forty-fifth session, the world has witnessed a series of events that have dramatically changed the course of history and opened up new vistas for humankind. With the end of the cold war, the United Nations has acquired new meaning and purpose. It is also finding that its resources are spread thinly as it tries to fulfil additional tasks generated by the changed dynamics of the world situation.

2. If the United Nations is to meet the rising expectations of its Member States and succeed where it has failed in the past, it is imperative that those Member States commit themselves fully, by deeds as well as in words, to the Organizations's aims. Meanwhile, the staff of the common system, as always, stand ready to support the United Nations to the best of their capacity in all of its endeavours.

3. That said, however, one cannot fail to notice with concern a malaise in the organizations of the common system, a malaise fueled by what their staff, rightly or wrongly, perceive to be a deliberate attempt at arbitrary curtailment of their conditions of service and acquired rights.

4. As the boundaries between the Fifth Committee's political role and the technical responsibilities of the International Civil Service Commission (ICSC) have become blurred, with the Fifth Committee taking up technical issues and ICSC venturing into the political arena, the system of checks and balances that had slowly developed over the years has been disrupted.

5. Having assumed technical functions it used to delegate to its technical body - the International Civil Service Commission - the Fifth Committee is now in the difficult position of having to decide extremely complex technical issues that defy the kind of cursory consideration forced upon it by severe time pressures during its three-month session. There is therefore the great risk that some of its decisions will have unforeseen and unwanted consequences, which may only become apparent months later.

6. On the other hand, ICSC, under pressure, has allowed itself in recent years to be swayed by non-technical considerations.

7. Caught in the middle, the staff have felt increasingly frustrated as they have attempted to win understanding for their points of view. They have seen the Assembly reject ICSC recommendations that were arrived at with their input, while they have been denied access to the very forum where sensitive decisions affecting their remuneration and conditions of service are made.

8. At this critical point in the life of the Organization, no efforts should be spared to establish a system in which staff can participate meaningfully in all discussions affecting their remuneration and conditions of service.

I. REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION

9. At its thirty-fourth session ICSC considered two issues of paramount importance to the staff of the common system: Professional salaries (including base/floor salaries) and General Service pensionable remuneration.

A. Professional salaries

1. Margin between United States and United Nations remuneration

10. Professionals continue to suffer the effects of the 1985 freeze, which in some duty stations continued up until July of last year. Purchasing power lost by Professionals during those years (up to 30 per cent in some duty stations) has yet to be recovered.

11. Since 1984, the system which regulates Professional remuneration has been operating under the constraints of the 110-120 margin (or difference) between United States federal civil service and United Nations remuneration. Prior to 1984, the margin was only indicative and if the top of the range (120) was exceeded, a freeze did not automatically follow.

12. The effects of the introduction of a fixed-margin range of 110-120 tying United Nations remuneration rigidly to that of a civil service where pay was lagging by 30 per cent behind that in the United States private sector (the United States civil service's own comparator) were exacerbated by the decision made by the General Assembly in 1989 (resolution 44/198 of 21 December 1989) that the margin should average 115 over a five-year period beginning in 1990.

13. As a result of the introduction of a fixed-margin range and the 115 five-year average the normal functioning of the post adjustment system, a system intended to compensate for cost-of-living differences between the base (New York) and the other duty stations, as well as for inflation at each duty station, has been disrupted.

14. Last year ICSC recommended to the General Assembly that the 115 five-year average for the margin range be eliminated and this year it has reiterated its recommendation. The Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) strongly urges the Assembly to follow this recommendation and stresses that unless this is done, Professionals in the common system will become victims of yet another prolonged freeze that would effectively cancel out the across-the-board increase granted in 1990.

15. Eliminating the 115 average requirement, however, may not be enough to avoid a freeze in Professional remuneration. At the thirty-fourth session of ICSC the staff representatives strongly supported the suspension of the margin range of 110-120 until the expected effects of the United States Federal Pay Reform Act were fully felt. The ICSC recommendation to grant partial classes of post adjustment so long as the 120 limit between United States and United Nations remuneration is not exceeded goes only half way towards solving the problem. Once again, ICSC has balked, for political considerations, at making a technical recommendation. CCISUA urges the General Assembly and the Fifth Committee to allow the post adjustment system to operate normally by suspending the 110-120 margin range until the Federal Pay Reform Act goes into effect.

2. Base/floor salaries

16. One of the aims of the comprehensive review of the conditions of service of the professional and higher categories undertaken by ICSC at the request of the General Assembly was to simplify and render transparent the unwieldy remuneration and benefits system for those categories of staff that had developed over the years as sharp inflation and exchange rate fluctuations wreaked havoc in a once stable system.

17. An area where a considerable measure of success was achieved in that regard was the replacement of the patchwork of cumbersome ad hoc measures adopted over the years in response to specific problems with a system using base salaries as the minimum (floor) salaries to be paid throughout the system.

18. Besides providing the minimum amounts to be paid system wide, the base/floor salary scale is used for two other purposes: the hardship-mobility matrix established as part of the comprehensive review to reward mobility and compensate for hardship conditions at certain duty stations, and separation payments.

19. A basic element of the new system is the link between the level of the United Nations base/floor scale and that of the United States base scale, to be maintained through yearly checks aimed at updating the United Nations scale as necessary by consolidating post adjustment classes into base salary on a no loss/no gain basis. It should be borne in mind, however, that such a consolidation would not benefit the staff at large but only staff at a few low-cost duty stations away from Headquarters, as well as those who are paid under the mobility-hardship matrix scheme.

20. The Assembly has asked ICSC to report to it at its forty-seventh session on the operation of the hardship-mobility system. The available information on the functioning of the new system seems to indicate that it has achieved its purpose of promoting staff mobility and attracting staff to hardship duty stations. It is therefore essential that this system be allowed to operate for a few years as it was originally intended to operate so that the

evaluation to be submitted to the Assembly in 1992 will be meaningful and the system does not lose its credibility among the staff.

3. Study of the best paid national civil service

21. Closely related to the issue of the remuneration of staff in the Professional and higher categories is the question of the study of the best paid national civil service.

22. For years the staff have maintained that the American federal civil service has ceased to be the best paid national civil service as required by the Noblemaire principle.

23. The fact that some Governments should feel constrained to make supplementary payments to their nationals in order to get them to work for the United Nations, together with the difficulties encountered by the Organization in attracting nationals of certain Member States who prefer to work for the European Community or the Organisation for Economic Cooperation and Development, tend to confirm that belief.

24. ICSC embarked on a study of the best paid national civil service before but did not reach a definitive answer. At the root of the problem is the quantification of certain elements like pensions and cost-of-living differentials.

25. Now that a methodology for conducting periodic checks of potential comparators, however rudimentary, has been established by ICSC, it is imperative to proceed without delay to the second phase. This requires the identification of the national civil services to be studied in greater detail.

26. The Assembly, in its resolution 44/198, provided for such periodic five-year checks and, in fact, one should have been conducted as part of the comprehensive review of conditions of service of Professionals and higher categories completed last year. It was delayed, however, for want of time.

27. CCISUA cannot accept a further postponement and requests the Assembly to mandate ICSC to undertake a detailed study of the potential comparators identified in the first phase and to report to it at its next session.

B. General Service Pensions

Comprehensive review of the pensionable remuneration and consequent pensions of the General Service and related categories

28. At the current session, the Fifth Committee has before it the ICSC report on the first phase of the comprehensive review of the pensionable remuneration and consequent pensions of the General Service and related categories, a task undertaken by ICSC in cooperation with the United Nations Joint Staff Pension

Board and on which it was mandated to report to the Assembly at its forty-sixth session, under the terms of resolution 45/242 of 21 December 1990.

29. Pensions, together with salaries, are the two main components of a remuneration package. The guiding principle for the establishment of United Nations pensions was defined by the 1958 Expert Group on Pensionable Remuneration, established by the Administrative Committee on Coordination. According to the Group's report, "any comprehensive retirement scheme ... should be such as to guarantee to participants reaching the age of retirement a benefit on which they may support themselves under conditions not too markedly different from those enjoyed during their closing years of service".

30. The United Nations pension system has worked satisfactorily through its 40 years of existence. In addition, it is the last link between General Service staff and the international civil service. If that link were severed, General Service staff career possibilities would be affected, since there would be no way to adjust pensions between categories to recognize years of service.

31. Even so the United Nations pension system is once again under fire. On the basis of some "anomalies" in a couple of duty stations, ICSC has set out to undermine a system that has proved its adequacy throughout the years and only required some fine-tuning to better adjust it to changing conditions.

32. This time, the pretext for reducing benefits is not the actuarial imbalance of the Pension Fund. In fact that staggering imbalance has now been virtually eliminated, not by Member States, as required by the Pension Fund's regulations, but mostly through an increase in the contributions paid by the staff of the General Service and related categories. (It should be noted in this context that a reduction in pensionable remuneration will have the effect of increasing the actuarial imbalance again.) It is thus ironical that such staff should again be unduly penalized.

33. Having witnessed the deterioration sustained by the pensions of Professional staff at certain duty stations as a result of the loss of value of the United States dollar and the inadequacies of the present comparator (the United States federal civil service), ICSC, rather than redress these ills, has found it more convenient to inform the General Assembly that the "anomalies" were the consequence of the "excessive" pensionable remuneration of General Service staff.

34. CCISUA is very concerned at the arbitrary decision of ICSC to limit the scope of the comprehensive review to the study of only two approaches: income replacement and local practice, thus ignoring the other options suggested by the working groups on the comprehensive review of pensionable remuneration, in particular the one on maintaining the existing system. Moreover, it underlines that ICSC is proposing a feasibility study without first establishing a methodology to carry it out.

35. CCISUA submits that the specific problems identified in the current system require specific solutions. ICSC is now proposing to embark on a highly expensive and intricate study of local pension schemes arguing that the same criterion applied for establishing General Service salaries (namely, local practice) should also be used for establishing their pensions. Such reasoning omits the crucial fact that in many, if not most, countries local employers do not have pensions of any kind. This means United Nations locally recruited staff would be deprived of a pension.

36. CCISUA has always been ready to cooperate with all the bodies dealing with the conditions of service of all staff. It therefore notes with regret that the work carried out in connection with the comprehensive review of pensionable remuneration for the General Service and related categories has taken place in a context of simulated consultation aimed at justifying decisions that have already been made.

37. The staff of the General Service and related categories make up a large percentage of the Pension Fund contributors and have, over the years, been called upon to bear an increasing portion of its costs. They are already affected by the arbitrary division of staff into two separate categories, as well as by the limited career prospects available to them, which result in low pension levels. They cannot, therefore, understand this new attack on their conditions of service through their pensionable remuneration.

II. FUNCTIONING OF THE INTERNATIONAL CIVIL SERVICE COMMISSION

38. As it has stated in the past, CCISUA advocates direct negotiations between the staff and their employers on conditions of service. However, while the present machinery is in place CCISUA intends to use it to the best possible effect, and therefore will cooperate with all interested parties in the improvement of the functioning of the International Civil Service Commission, so long as the legitimate concerns of the staff are fully taken into account in the formulation of recommendations to the General Assembly.

39. In the light of discussions at the thirty-fourth session of the Commission, CCISUA once again insists on the need for the Commission to act as a purely technical body.

40. Unfortunately, the last few years have witnessed a tendency for the Commission to stray from its technical role into political judgements, while the Fifth Committee has attempted to second-guess the Commission on complex technical points.

41. While the Commission has introduced some constructive changes in the way it functions by opening up its decision-making meetings to the staff representatives and organizations, CCISUA cannot but note with growing concern that there now seems to be an attempt to institutionalize the practice of holding briefing sessions, a practice that started this year at the thirty-fourth session of ICSC. Such briefings could become the equivalent of

executive sessions, with all their attendant dangers as a result of the exclusion of the representatives of the staff. Once a decision has been made at such meetings it is virtually impossible in an open meeting to convince Commissioners to change their minds, especially if the decision has been arrived at by consensus. CCISUA believes that the establishment of tripartite working groups on major issues is the only way to proceed. It is essential that the staff representatives be involved at all stages of the Commission's work, including the preparation of documentation.

42. Financial and economic considerations often become the overruling concern in the discussion of an issue, even when the Commission is not making a decision, as specified in rule 33 of its rules of procedure, but simply a recommendation to be approved or rejected by the Assembly.

43. The fact that the Commission must work within the general framework created by General Assembly decisions does not mean that it cannot take the initiative and make proposals that are justified on technical grounds. CCISUA is firmly of the opinion that the Commission as a purely technical body should dispassionately use appropriate data to formulate recommendations to the General Assembly, and leave the General Assembly to make political decisions.

44. If the staff are to have confidence in the processes that establish their conditions of service, they must know that their representatives are involved in every stage of the formulation of recommendations and their consideration by the Fifth Committee. In this regard CCISUA urgently requests that the staff representatives be allowed to participate in the informal meetings of the Fifth Committee. It is, CCISUA suggests, essential that they be accorded the opportunity to come face to face with their employers at this stage of the decision-making process.